

FACTS ABOUT DANISH SDG INVESTMENT FUND

The Danish pension funds PKA, PensionDanmark, PFA, ATP, JØP/DIP and PenSam and IFU have established Danish SDG Investment Fund, which will contribute to the realisation of the UN Sustainable Development Goals and promote the sale of Danish technology and know-how through commercial investments in developing countries. The current capital commitment is DKK 4.1bn.

The 17 UN Sustainable Development Goals have set an ambitious agenda to improve the livelihoods of the earth's populations towards 2030. One of the conditions for realising the goals is that private investors increase their investments in production of food, sustainable energy, water distribution and treatment, infrastructure, etc. This is especially important in developing countries.

Based on this, IFU and six Danish pension funds have established Danish SDG Investment Fund, which will contribute to meeting the goals through commercial private sector investments in developing countries. At the same time, the investments will contribute to promoting the sale of Danish technology and know-how and ensure a solid return for the investors.

The current capital commitment is DKK 4.1 billion. The total objective is a fund of up to DKK 5 billion. It is expected that the remaining capital commitments will be made in a second closing in the second half of 2018.

Danish SDG Investment Fund is based on a public-private partnership with a 60/40 allocation between the private investors and IFU. In the first closing, the capital commitments are distributed as follows:

| | | |
|----------------|-----|--------|
| PKA | DKK | 400m |
| PensionDanmark | DKK | 400m |
| PFA | DKK | 400m |
| ATP | DKK | 400m |
| JØP/DIP | DKK | 400m |
| PenSam | DKK | 400m |
| Navest | DKK | 80m |
| IFU | DKK | 1,653m |
| Total | DKK | 4,133m |

Objective of the fund

Danish SDG Investment Fund will contribute to the realisation of the 17 UN Sustainable Development Goals through commercial investments in the private sector in developing countries in Africa, Asia, Latin America as well as parts of Europe. The investments will support the development within strategic sectors in the developing countries and create sustainable businesses, which can contribute to economic and social progress in the investment countries. Furthermore, the investments will promote sale and use of Danish technology and know-how.

Solid return to investors

Danish SDG Investment Fund is a commercial fund, which in addition to contributing to meeting the UN Sustainable Development Goals will also ensure a solid return to its investors. The expected net yield to investors is 10 to 12 per cent.

Impact in the investment countries

In addition to a solid return to its investors, Danish SDG Investment Fund will create economic growth and employment in the developing countries. It will happen through job creation, sustainable production and services, profit and local tax payments.

Total investments of DKK 30bn

Danish SDG Investment Fund will only contribute part of the total financing in the individual project companies in the developing countries. Realising the projects is therefore conditional upon additional financing from other investors. Based on IFU's more than 1,250 investments, it is expected that the total investments in the developing countries will reach DKK 30bn, once the fund is fully established.

Investments in all developing countries

Danish SDG Investment Fund can invest in all developing countries, i.e. all countries in Africa and many of the countries in Southeast Asia and Latin America. The fund can also invest in a small number of countries in Europe and the MENA region.

It is expected that 40 to 40 per cent of the funds will be invested in Africa and a similar share in Asia. 10 to 20 per cent is expected to be invested in Latin America and 10 to 20 per cent in Europe and the MENA region.

Investment of DKK 25 to 250m in each project

Danish SDG Investment Fund will invest equity directly in the individual project companies in the investment countries, and the size of the investment will vary from minimum DKK 25m to maximum DKK 250m. The fund is expected to invest in 35 to 40 project companies.

Investing in strategic sectors

Danish SDG Investment Fund will invest in a number of strategic sectors such as sustainable energy, agribusiness, infrastructure, water and sanitation as well as industry, services and the financial sector. In this way the fund's investments will contribute to the realisation of several of the central Sustainable Development Goals.

Investments promote Danish competences

Danish trade and industry have strong competences, know-how and technology within strategic sectors that support the realisation of the Sustainable Development Goals. Therefore, the fund will focus on including Danish business competences in the project companies and thereby contribute to promoting sale of Danish technology and know-how.

Contributes to meeting several central Sustainable Development Goals

The fund's investment strategy contributes positively to the Sustainable Development Goals. Across its investments the fund will contribute to e.g. goals 1, 8, 12 and 17 covering "no poverty", "decent jobs and economic growth", "responsible consumption and production" and partnership for the goals". Furthermore, the investments within strategic sectors will contribute to goal 2 "zero hunger", goal 5 "gender equality", goal 6 "clean water and sanitation" and goals 7 and 13 "affordable and clean energy" and "climate action".

The fund will measure its impact on an ongoing basis.

Four-year investment period

Danish SDG Investment Fund is set up as a capital fund. The investment period is four years with a possible extension of two years. Subsequently, the fund must sell its investments to other investors. The expected duration if the fund is 11 years.

Focus on environment and social sustainability

Danish SDG Investment Fund will follow IFU's sustainability policy which is based on Global Compact and a number of international conventions such as the UN Guiding Principles on Business and Human Rights, employee rights, environment, health and safety in the workplace, anti-corruption, etc. Project companies must prepare their own sustainability policy and report on it to their board on an ongoing basis.

Investor Board

Investment decisions will be made by an Investor Board consisting of a chairman, representatives of the investors and two representatives from IFU's board of directors.

Chairman of the Investor Board is Peter Schütze, former managing director of Nordea Bank Danmark and current chairman and member of the board of a number of Danish companies and chairman of the investment committees of the Danish Climate Investment Fund and the Danish Agribusiness Fund.

IFU is fund manager

IFU – Investment Fund for Developing Countries is fund manager of Danish SDG Investment Fund. IFU has more than 50 years of experience with investments in developing countries and has invested in more than 1,250 companies in more than 100 developing countries. The investments have been made in cooperation with more than 900 Danish companies across many sectors. Total expected investment in the project companies is more than DKK 180m, of which IFU has contributed DKK 20bn in equity, loans and guarantees.

IFU is also fund manager of a number of other funds, including the Danish Climate Investment Fund, the Danish Agribusiness Fund, IFU Investment Partners and the Arab Investment Fund. Total capital under management was approximately DKK 9bn at year-end 2017.

IFU's board of directors: Michael Rasmussen, Chairman, Lars Andersen, Deputy Chairman, Jens Jørgen Kollerup, Bjarne H. Sørensen, Dorrit Vanglo, Mads Kjær, Charlotte Jepsen, Ole Thonke (observer).

IFU's executive management: Tommy Thomsen, CEO, Torben Huss, Executive Vice President.

Facts about the investors:

PKA

PKA manages pensions for four pension funds within the social and health sector and has a market value of DKK 275bn.

PKA has 300,000 members with pension schemes through collective agreements. Self-employed and private sector employees can also be members of PKA.

PensionDanmark

PensionDanmark A/S manages labour market pensions based on collective agreements and company agreements, health care schemes and training funds for 715,000 members employed in 23,400 private and public companies. PensionDanmark is owned by its members, and all profits are paid out to them. The premium income in 2017 was DKK 13.6bn. The total market value has reached DKK 230bn.

PFA

PFA is Denmark's largest commercial pension fund at a market value of more than DKK 500bn and 1.2m pension clients. In addition to pension and insurance, PFA also offers savings for private

customers and a number of solutions within health and housing, among other things. PFA is owned by its members and was established in 1917.

ATP

ATP is a compulsory pension scheme with 5.1m members. At the end of 2017, the market value of ATP was DKK 769bn and 1 million retired citizens received lifelong pension through ATP. Around 40 per cent of Denmark's retired citizens have no other income than ATP and basic pension. The annual ATP pension payment is DKK 23,600 for a 65-year-old. It corresponds to 32 per cent of the basic pension.

JØP/DIP

JØP and DIP are 100 per cent member-owned pension funds for legal professionals, financial employees and engineers. The members are secured through collective agreements and company agreements. Since 2015, JØP and DIP have been managed together through P+. The market value is DKK 120bn and JØP and DIP have more than 92,000 members.

PenSam

PenSam is a labour market pension fund with more than 400,000 members, primarily employed in the municipalities within social and health services. In 2017, total premiums were DKK 5.5bn, and the members' total savings to be invested reached DKK 140bn.

IFU

IFU offers advice and risk capital to companies wishing to set up business in developing countries and emerging markets. Investments are made on commercial terms in the form of equity, loans and guarantees to project companies in the investment countries. The objective is to contribute to economic and social development in the investment countries and support the opportunities of Danish trade and industry in new markets.

In cooperation with Danish companies, IFU and other investment funds managed by IFU have invested in more than 1,250 companies in over 100 countries in Africa, Asia, Latin America and parts of Europe. Total investments amount to DKK 184bn, of which IFU has contributed DKK 20bn.